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DIRECTORATE OF
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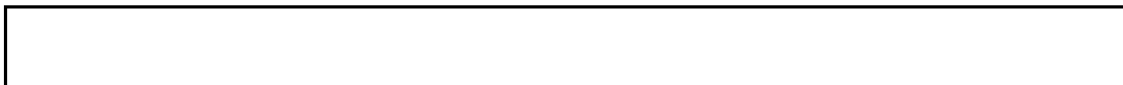
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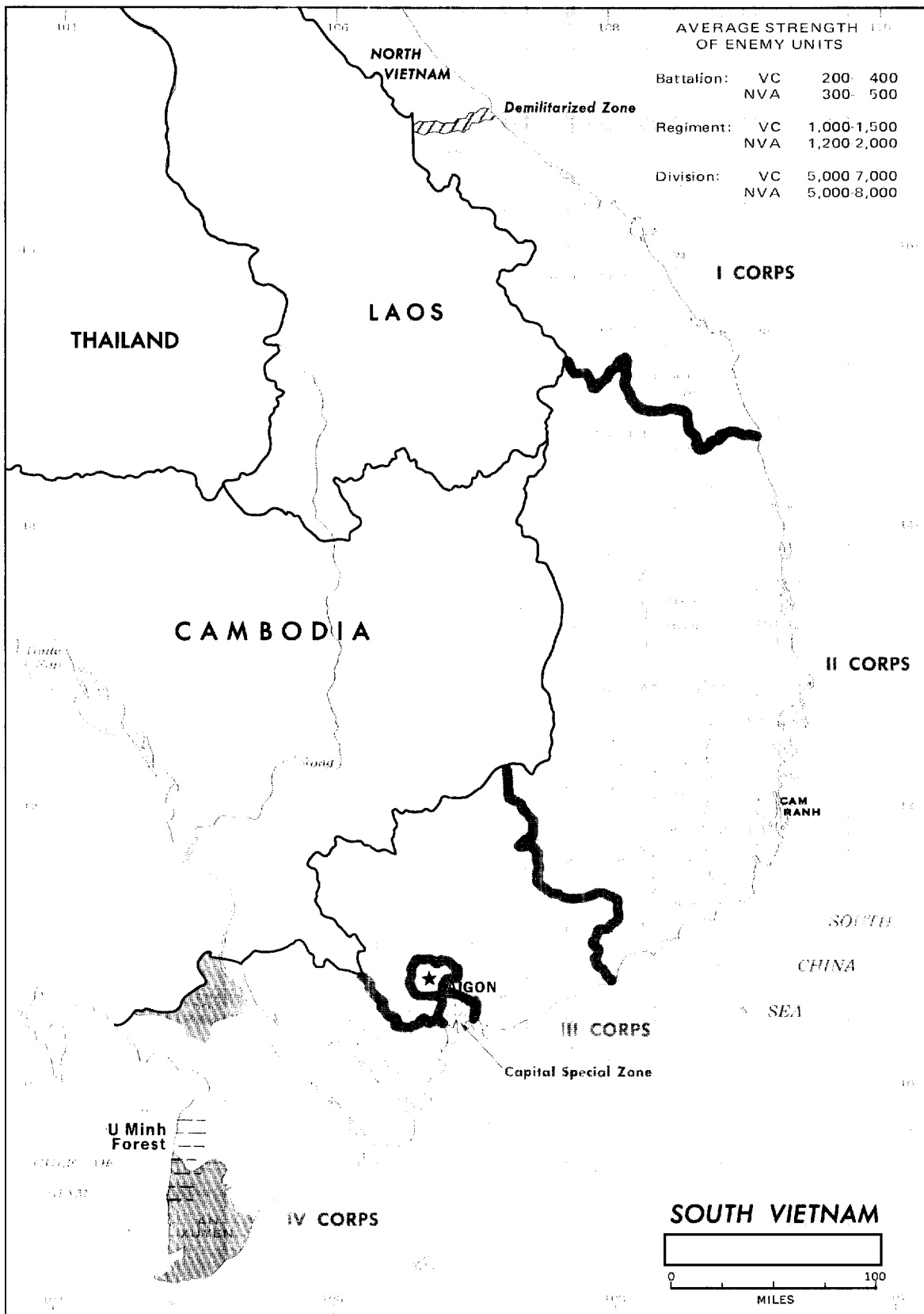
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[Vietnam: Peking wasted no time in sending a high-level delegation to talk with the new leadership in Hanoi.

Most other countries had not even announced the composition of their delegations when Chinese Communist Premier Chou En-lai arrived in Hanoi to "offer condolences" on Ho's death. If Chou intends to stay for the funeral, he has a whole week to confer. This suggests that the Chinese are eager to demonstrate their support and press the case for pursuing the war before the North Vietnamese leaders become distracted by the arrival of other VIPs. Chou was initially greeted by a group of North Vietnamese politburo members headed by Truong Chinh.

* * * *

Ground action in South Vietnam remains at a low level. Some of the North Vietnamese units sent into the delta for the first time late this spring and summer are being deployed to the southernmost province of An Xuyen. These units initially gathered in Chau Doc Province near the Cambodian border, but some elements now appear to be moving toward the Communist stronghold in the U Minh Forest. If the Communists build up their strength in this region and move out against the surrounding population, they would pose a substantial threat to South Vietnamese defenders. Future fighting in the southern delta could become a real test case for allied plans to Vietnamize the war.

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Japan: Extremist students appear to be making increasing use of hit-and-run tactics that attract wide attention and are difficult to combat.

Molotov cocktails hurled on the airport runway by a small group of radicals delayed the departure yesterday of Foreign Minister Aichi for Moscow and Washington. The incident was probably a follow-up to similar attacks on the US and Soviet embassies the previous evening.

The use of these tactics may in part result from the inability of the various radical student groups to get together on unified action. For example, radical students are involved in a violent factional struggle at Tokyo's Waseda University, which probably distracted them from a large demonstration on Aichi's departure.

Even when the students have succeeded in mounting a large demonstration, the police have effectively handled it and even won some popular support by their measured approach to containing student violence.

The radical students are likely to employ violent tactics to try to prevent the departure of Prime Minister Sato for the US in late fall.

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Brazil: US Ambassador Elbrick was kidnaped yesterday afternoon by left-wing extremists.

The ambassador's car was stopped on a Rio de Janeiro street by four armed men who forced the chauffeur to drive to an isolated spot. The ambassador was chloroformed and driven away by the assailants who left a manifesto stating conditions for his release. It was signed by the Revolutionary Movement - 8 October (MR-8) and the National Liberation Action.

The kidnapers have threatened to execute the ambassador if the government does not publish the manifesto and subsequently release 15 political prisoners to Algeria, Mexico, and Chile. Their names are to be supplied after the government publishes the manifesto. The government was given 48 hours to publish and an additional 24 hours to release the prisoners. It apparently has already complied with the first demand and may well release the prisoners when their names are learned.

The MR-8 is a terrorist group with links to several dissident Communist and other extreme leftist organizations. Many of its members were rounded up by Brazilian security forces this summer and are still in prison. It has engaged in robberies and reportedly planned to undertake rural guerrilla warfare.

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Brazilian security forces are on a general mobilization status and every effort is being made to find the ambassador and his kidnapers. Protection of other US officials in Brazil has been increased, and US representatives in other Latin American nations have been warned to tighten security in case of possible imitative efforts elsewhere.

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Colombia: A state of siege may soon be declared, ostensibly in an attempt to stem increased kidnappings, guerrilla actions, and student disturbances.

Although President Lleras may be concerned with the disturbances, the US Embassy believes his action is directed partly against a senator who has been attacking the President for influence peddling. The state of siege will prevent the senator from holding a mass meeting he had planned for today in Bogota.

The security situation in the country has not yet reached the crisis stage but five abductions have occurred in the past two weeks. In addition, security forces on 1 September killed a former National University student leader who was a guerrilla with the Army of National Liberation. Two other university students were wounded on 3 September by school authorities during an attempt to storm the rector's house.

Action on tax reform measures and other business has been stalled in Congress, and Lleras' forceful action may also have been aimed at providing the impetus needed to get the legislators moving. [REDACTED]

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Africa: The Organization of African Unity (OAU) is convening its sixth heads of state conference in Addis Ababa tomorrow.

The OAU Council of Ministers has been meeting this week to prepare for the meeting. Its final recommendations are not yet available, but the issues most likely to be stressed are the perennial ones: condemnation of white southern African regimes and support to African liberation movements.

The Nigerian war will again demand considerable attention. General Gowon will be in Addis for the sessions. A Biafran delegation arrived on Wednesday, but Biafran leader Ojukwu, although formally invited, is not expected to attend. The OAU is unlikely to achieve any success in breaking the impasse between the two sides and probably will again support the federal government as it did at last year's meeting in Algiers.

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France: The government has introduced a fiscal policy to dampen economic activity in order to ensure the effectiveness of the recent devaluation.

The major component of the new policy is a plan for a balanced budget. This is to be achieved mainly by cutting expenditures rather than by new revenues. To ease domestic pressures, the program includes increased pension and wage benefits for large segments of the population.

The reduction in planned expenditures is aimed at dampening both domestic consumption and investment spending in an effort to free resources for export production. Finance Minister Giscard d'Estaing is anxious to increase French exports while world demand remains buoyant.

Several other specific measures will also be taken, including a return to the "voluntary" system of price restraints that preceded the postdevaluation price freeze. The government can back this system with fairly strong sanctions, but it is still a weaker system than the price controls being given up.

The Communist-led General Confederation of Labor, the largest union in France, has already called for a "counterattack" against the program and other unions will probably join in protesting the measure. The unions are anxious to build a strong case for their wage demands before labor-management talks open, probably in October.

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Norway: Little change is expected to result from the Norwegian parliamentary elections scheduled for 7-8 September.

The present center-right coalition, which came to power in 1965 after nearly a generation of Labor Party government, has suffered no significant erosion in its popularity during its term in office. The coalition garnered 49.5 percent of the vote in the last election and 49.1 percent of the most recent sample taken by the Norwegian Gallup organization. The comparable figures for the Labor Party are 43.1 and 44.4 percent.

Efforts by the various political parties to arouse interest in the elections have been largely unavailing. According to a poll on the broad issues facing the electorate, Norwegian voters have no particular complaints, and many contests may be resolved on the basis of personalities or local problems.

Despite the stability of the Norwegian political scene, there are some elements of uncertainty. Even before the campaign, nearly half of the members of Parliament announced their retirement or were not renominated by their parties. Norway is experiencing the greatest generation shift in its leadership since 1945.

Another factor is the sharp expansion of the electorate to nearly 2.6 million as a result of lowering the voting age to 20. The various political parties have directed much of their campaign to the young voters, but if Norway follows the Nordic pattern, most of the new voters may prove to be more apathetic than their elders, thus not significantly altering the narrow political balance.

The government may lose two to four seats, reducing slightly the present 80-70 ratio in Parliament. Although Labor Party leaders assert that a

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minority one-party government under their auspices is still a distinct possibility, the four government parties are already dickering for cabinet portfolios in anticipation of their return to office. In either case, the resulting government would be more vulnerable to shifts in parliamentary and public opinion and could thus be expected to avoid controversy.

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Hungary-USSR: The Soviet party central committee has invited a delegation of Hungarian economic reform experts to Moscow for what appears to be a detailed review of their policies.

For well over a year, the Soviet leadership has maintained a noncommittal public posture on the Hungarian experiments. These feature a substantial decentralization of economic authority. In the process the party will also pass some of its authority to the economic ministers. Moscow, however, has kept a close eye on the reforms and has occasionally called for explanations of various trends.

This current meeting follows on the heels of the Kadar-Brezhnev talks in the Crimea and Kosygin's visit to Budapest, and it may be more than the usual Hungarian exercise in reassuring the cautious Soviets. The announced purpose of the visit is to "study the experience of CPSU organizational work in the field of guiding the national economy." Moreover, one of the members of the delegation is a party official responsible for a plant which was the scene of a strike last year. The Hungarians may be called upon to explain the measures which the party has taken to ensure continued control over the economy.

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Ecuador: President Velasco Ibarra has capped one year in office by quelling disorders in major cities.

The disturbances began on 28 August after the legislature turned down a petition by the country's mayors to extend their term of office from three years to four. The mayors received strong support from municipal workers, who tied up both Quito and Guayaquil with strikes and disorders.

In a forceful speech on Tuesday, President Velasco emphasized that he would protect the prerogatives of the legislative branch and was prepared to use the security forces to back up his decision. The protest movement collapsed shortly thereafter.

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Costa Rica - Eastern Europe: A four-man trade mission left San Jose yesterday to promote Costa Rican coffee sales in Eastern Europe.

Powerful coffee interests have pressed for the mission because they want to avoid unsold surpluses, even at the expense of the establishment of Soviet or other Communist commercial offices in San Jose. In July the legislative assembly approved the trade mission in a resolution calling for the government to take all necessary steps to deal with the coffee surplus, including those leading to new commercial relations. Coffee growers expect to have an exportable surplus of 310,000 bags above the quota for the 1969-70 coffee year.

The USSR made its first large purchase of Costa Rican coffee from last year's excess crop. It has made clear, however, that further purchases depend on the establishment of a trade mission in San Jose. Poland, which has a commercial office in Costa Rica, has also offered to buy surplus coffee in return for Costa Rican purchase of Polish products. A proposed trade agreement between Costa Rica and Bulgaria, under study for some time and near completion, would permit a Bulgarian office in San Jose.

Increased Communist presence in Costa Rica is bound to be resisted by strong anti-Communist sectors and could become an issue in the campaign for the general elections in 1970. Costa Rica's receptivity to increased contact with Eastern Europe will be influenced by the marketing crisis faced by the coffee industry and by the fact that a number of Latin American countries have recently opened diplomatic and commercial relations with Communist countries.

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North Korea: The chairman of the state planning commission has been relieved of his post in a move which reflects Pyongyang's continuing failure to achieve projected economic goals.

Chong chun-taek had held the post for the past nine years. The status of his concurrent position as vice premier of the cabinet is unclear. He has been replaced on the planning commission by the finance minister, whose responsibilities have been assumed by the vice minister of finance.

The state planning commission is responsible for drawing up development plans for the economy and coordinating the activities of the individual ministries as they work to achieve target goals within the plan. It is, therefore, directly accountable in the chain of command for the success or failure of the current seven-year plan, originally scheduled for completion in 1967 but extended for three years in 1966.

Party leaders have been eager to announce some solid economic achievements during the 24th anniversary celebrations of the Korean Workers' Party which take place next month. The Korean economy, however, has been limping along for years, in large part because of heavy defense spending, and few major goals are likely to be reached this year.

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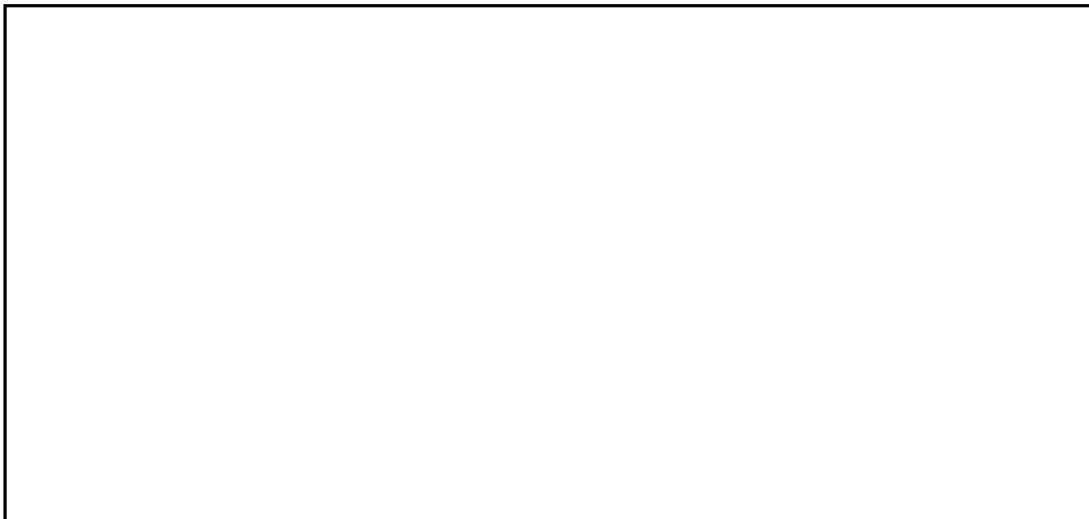
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Turkey: The campaign for the parliamentary election in October, which has been rather bland thus far, is expected to become more heated, especially if extremist elements decide to carry the campaign to the streets and campuses. The results of the recent primaries show that there will be at least a 20 to 30 percent turnover in the representation of each of the two major parties. The right wing of the incumbent Justice Party appears to have strengthened its position, raising the possibility of increasing intransigence from this element should the party led by Prime Minister Demirel win the election as now seems probable.

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Rhodesia: Prime Minister Ian Smith's government has announced that it will soon submit five bills to Parliament to pave the way for its new constitution. A government minister has stated, however, that Smith will not declare a republic until after the next general elections, which will be held sometime before June 1970. In delaying the formal declaration of a republic as long as possible, Smith probably hopes that some of the Western nations still maintaining missions in Salisbury will stay on. [REDACTED]

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